

# **Exhibit H**

## CRITIC'S NOTEBOOK

# One Year After Beeple, the NFT Has Changed Artists. Has It Changed Art?

Hardly at all.



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March 3, 2022

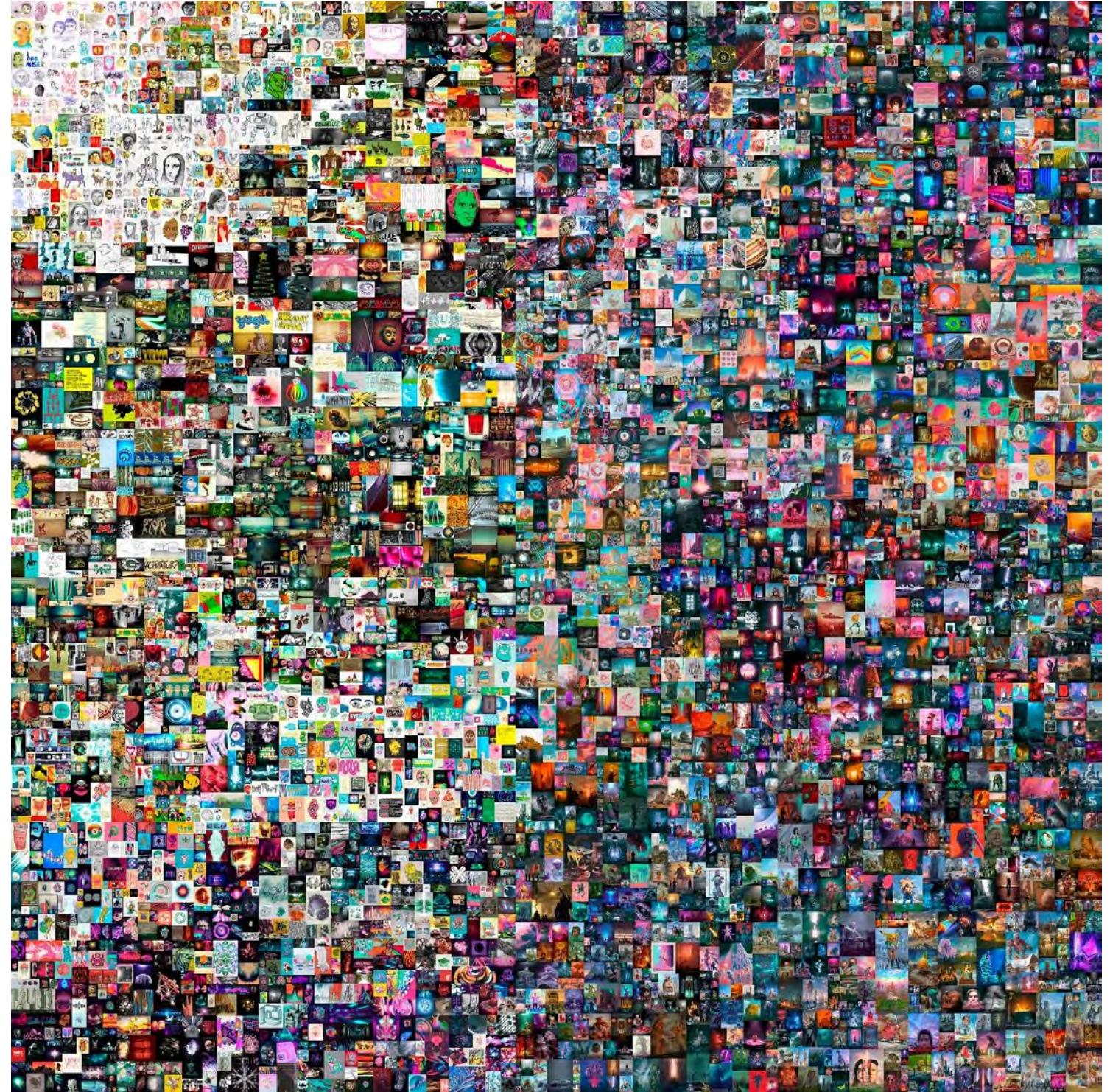
Around 1425, the Florentine artist Masaccio painted the first major works in one-point perspective. That revolutionized what artists could do ever after.

In Paris in 1839, Louis-Jacques-Mandé Daguerre demonstrated his new photographic invention. It changed the nature of visual representation and museum walls haven't been the same since.

On March 11, 2021, all of one year ago, Mike Winkelmann, whose *nom d'artiste* is Beeple, sold a collage of computer illustrations for \$69 million simply because that collage came attached to a digital certificate called an NFT. That colossal price launched a mad scramble among creators of all kinds — illustrators, musicians, photographers, even a few veteran avant-gardists — to join the NFT gold rush.

In the 12 months since, something like \$44 billion has been spent on about six million NFTs, usually issued to certify digital creations but sometimes for physical objects like paintings and sculptures.

But did this vast tsunami of “NFT art” actually trigger any kind of sea change in what art looks like, what it means or what, in some profound sense, it is? Hardly at all, and there’s a chance such a change might barely be possible: That’s because “NFT art” simply does not exist.



“Everydays — The First 5000 Days,” a work of digital art by Mike Winkelmann, known as Beeple, sold at Christie’s for \$69 million. The work is a collage of 5,000 digital images. Christie’s Images Ltd.

An NFT — a nonfungible token — is nothing more than a certificate of ownership and authenticity that can be attached to any kind of object, even a sneaker or newspaper article, and that can’t be changed or lost because it lives on a blockchain.

Imagine an NFT as being the deed to a house: It tells you who owns it and maybe a few things about it, but you would never talk about a “deeded house” as though that were somehow different from a plain-old-fashioned house. Ditto for “NFT art” vs. plain-old-fashioned “art.”

Typically, the art object that gets NFT’d is a digital file — maybe a JPEG image or an MP4 video — that lives on some hard drive, and that looks or sounds precisely the way it would have in the decades before NFTs came along. Even the least traditional works that come with an NFT “certificate,” like the autobiographical animations of the transgender teenager known as Fewocious, would be just as good or bad, depending on your tastes, if they had never been “certified” with the NFT.

Beeple himself is trading the digital for the physical in his first gallery show at Jack Hanley in New York: He's showing prints, drawings and paintings — as though there had never been anything inherently NFT-ish in his work from the start. (The objects at Hanley will also be NFT'd, for sale, on the blockchain.)

If a hacker managed to destroy every NFT, 99.9 percent of the creations those NFTs "certified" would remain unchanged. (We'll get to the remaining .1 percent in a bit, because that's the fun and vital part of this story: the very few NFTs that may lead to new art.)

"I would wholeheartedly underwrite the statement that there is no NFT art — that there is art, or there is digital art," said Rudolf Frieling, media-arts curator at the San Francisco Museum of Modern Art, which has been a pioneer in collecting digital art of all kinds, from websites to 3-D-printed sculptures. "The idea that you could have an 'NFT art show' is, to my mind, frankly, ridiculous," Frieling said.

Michael Bouhanna, a specialist at Sotheby's auction house in London, has been selling digital art works with NFT "deeds" for longer than almost anyone. He thinks that before too long, as the novelty of NFTs wears off, people will just talk about "digital art" and leave the NFT off to one side, as a detail in the transfer of ownership.

Sales, rather than aesthetics, were the reason NFTs were created. In 2014, the veteran digital artist Kevin McCoy was working into the wee hours at a tech-friendly art-a-thon at the New Museum in New York, when he and a technologist named Anil Dash created what is widely seen as the first NFT. (Though it didn't have that name yet.)

The other week, I went to a nicely renovated house in Greenpoint, Brooklyn, to meet with McCoy, 55, and his wife, Jennifer, 53, who have been partners in life and art since 1990. McCoy explained that, back in 2014, he was looking for a way to assert authorship, and to transfer ownership, of the digital creations that he and his friends made and mostly failed to sell. After all, a digital file, whether a video or a JPEG like the ones made by Beeple, can be endlessly and perfectly copied — and maybe should be, if artists want their ideas to have the widest impact.

What was needed was a way to make a few of those copies "authentic," different enough from all other copies. McCoy realized that blockchains could function as a kind of virtual vault. Put the deed to a digital artwork in that vault, as an NFT, and a collector suddenly has something fixed that can be owned and traded.

The McCoys said that by giving digital artists a way to sell art objects with some of the ease that painters and sculptors have always had, the new token Kevin designed would help them, and their art, survive and thrive. "You could actually feel like you had free space to think," Jennifer said.

Eight years later, the idea has finally paid off for the McCoys. That first NFT that Kevin created, which he'd attached to a modest digital abstraction titled "Quantum," sold last June at Sotheby's for \$1.4 million.

## Amid the Hype, No One's Making Money

But NFTs aren't doing as much for most artists. I asked the economist Ethan McMahon of the analytics firm Chainalysis to crunch some numbers, and they showed that about half of all NFTs that sell go for less than \$400 — hardly enough to cover the blockchain costs when a creator "mints" an NFT, let alone the costs of maintaining a digital studio. (And that's not counting the untold number of NFTs that don't sell at all.)

McMahon also said that almost all the resale action for NFTs, where the real money gets made, happens at the top end of the market; the vast majority of NFTs barely get resold. "People who are trying to profiteer off whatever crazed hype there is around this NFT space really need to be careful," McMahon said. "Because a lot of times it ends up being to your disadvantage."

## NFTs and the Crowds They Bring

Rather than looking to NFTs for a bigger payday, some technophilic artists might be satisfied if those tokens brought a bigger and more attentive audience. The NFT craze has attracted a community of digital natives with even closer ties than the ones that bind collectors in the art market. These eager NFT newbies might just have the potential to create "a revolution of support for digital creatives," said John Gerrard, a 48-year-old Irishman whose digital art won him wide recognition before NFTs existed. In 2014, on the plaza of Lincoln Center in New York, a giant LED screen displayed a dazzlingly realistic "live" image of a solar-power plant in Nevada, entirely constructed from the zeros and ones of Gerrard's computer.

And yet for all his success Gerrard feels that the art world has mostly turned its back on digital work like his, in favor of the paintings that dominate an ever more conservative and analog scene. The popularity of NFTs might lead to something like a new gallery neighborhood, the equivalent of Chelsea or TriBeCa in New York — except that it would be virtual, a marketplace for the most fascinating of digital files instead of brilliant objects.

But Gerrard may be misunderstanding what the world of NFTs is really about. Just as no one collects a 1916 Babe Ruth card to contemplate the portrait on it, or the “Inverted Jenny” stamp to enjoy the biplane it bears, so the vast majority of the NFT’d files that get bid into the stratosphere are collected for their collectability alone. The artistic brilliance is pretty much beside the point.

John Gerrard’s “Solar Reserve (Tonopah, Nevada),” 2014, a simulation installation at Lincoln Center, was made using gaming software. John Gerrard, PACE Gallery

It’s not hard to imagine an eBay community all about buying old deeds to homes: “Look, I’ve got a Frank Lloyd Wright!”; “Hey, my mint Eames is way rarer.” To an amazing degree, collecting NFTs is pretty much the same. It fulfills quite different human needs and drives than those of fine art.

Yet those needs — for community, for ownership and its power, for social validation — reveal the truly artistic potential of NFTs.

## NFTs as Artistic Inspiration

“Art exists in a world where one is always making political choices about one’s relationship to economics,” said Amy Whitaker, who teaches art-world economics at New York University. The way NFTs have been bought, sold and admired automatically raises issues of ownership and its meaning. Issues of generosity (in that NFT’d images are supposed to circulate freely) and greed (in that they are mostly bought to make the cryptorich richer). And issues of community in the making of NFTs, which can be a group act, and of individualism, often, in who gets the money for any one creation. With NFTs, Whitaker said, such social “incidentals” take center stage, whereas it’s just about possible to see a work of conventional fine art in glorious aesthetic isolation.

But those links to social and economic factors have in fact been central to the fine art of the last few decades at its most novel and challenging. Take the genre known as “Business Art,” where the act of buying and selling, in all its cultural complexity, has been turned into the work itself. The genre was pioneered some 60 years ago in projects by Yves Klein, Andy Warhol and various 1960s conceptualists, and then took off in the 1990s in work by Damien Hirst.

Last summer, when Hirst moved into NFTs — one of the first art stars to do so — he called his project “The Currency”: He offered NFTs that corresponded to 10,000 of his Spot paintings; one year after a purchase, a collector would be given the choice between keeping the blockchain token and watching the corresponding canvas burn, or keeping the canvas and giving up the NFT. Hirst, the Business Artist, was staging a fight between market forces and aesthetic delight. Produced with HENI, an art services business, the project grossed about \$18 million from the initial sale.

NFTs by the digital native known as Pak can also be placed in the Business Art tradition: He has offered digital images with the barest visual interest — riffs on a minimal cube such as any designer could make — but which get lots of impact from the bizarre way in which they are sold as NFTs. They are offered to the public for just minutes at a time, and the total number you buy affects the kind of NFT’d image you get. If we’re looking for true “NFT art,” where the NFT-ness itself is at issue, then Pak’s digital Business Art qualifies.

CryptoPunk by Larva Labs. The consignor of a recent lot of CryptoPunk NFTs pulled the lot at Sotheby's before a recent sale. Larva Labs

Cryptopunk #2710 Larva Labs

And then there's the even more slippery genre known as "relational art," whose goal is to cast light on human interactions by triggering new ones. Back in 1992, the Thai artist Rirkrit Tiravanija crafted the classic example: He began to cook and serve curry to museumgoers, not for the sake of gastronomy — he started out as a pretty weak chef — but to put a spotlight on what it means to make such an offer.

Where Tiravanija experimented with food and generosity, CryptoPunks, some of the earliest of all art NFTs, can be thought of as an experiment that puts a spotlight on the act of collecting, and what it means.

CryptoPunks were born in June 2017, when the programmers Matt Hall and John Watkinson used some basic code to generate 10,000 cartoonish pictures of different human heads, so pixelated that you can only just make out a few identifying features — a purple hat on one, red hair on another. They were free for the asking when first NFT'd, but because of their variety, and their limited supply, they became some of the most collectible of collectibles, and can now trade for millions of dollars each.

In late February, Sotheby's was about to sell a single lot of 104 CryptoPunk NFTs for as much as \$30 million, when the collector who consigned them pulled out at the last minute. "People were extremely upset," said Kent Charugundla, an NFT collector who was at the canceled auction. The problem, he explained, was that the surging market for the collectibles might begin to sputter.

That explanation shows how even when the new art puts NFT-ness on the table, in all its social and economic complexity, it can't escape the rapacious capitalism that has come to be at its heart. Speaking over Zoom from Buffalo, Tina Rivers Ryan, a curator at the Albright-Knox museum who showed early interest in NFTs, said that if digital artists see NFTs as promising a rich future for their neglected medium, the new world of tokens may instead bring about "an impoverishment — and not just of digital art, but of art full stop, because it reduces art to being a frictionless commodity."

But Ryan pointed me to one remote corner of the NFT universe where work is going on that pushes back against business as usual. A year ago, just as NFTs were exploding into view, Kelani Nichole, the founder of Transfer, the bricks-and-mortar gallery in Brooklyn devoted to all kinds of computer art, helped organize an online NFT exhibition called "Pieces of Me." A mission statement declared that the show was meant to "reflect on NFTs through a curatorial and technological framework that emphasizes the ethics of care, redistribution of wealth, and artist's agency and rights."

Some artists offer their works free ("an explicit rejection of the capitalist urge to consume"), while others offer works that come with conditions not exactly standard in the NFT world. A piece by the Londoner Danielle Brathwaite-Shirley, for instance, consists of a low-fi GIF that presents a series of written out "Terms and Conditions," committing the buyer to "showcase and invest in the works of Black trans artists" — and then in the NFT's binding contract the collector agrees to abide by those commitments, printing them out and pasting them up for two years.

The buyer of the NFT for Kim Laughton's "Ascetic" acquires a work that is anything but: They get ownership of an actual chain, golden and bejeweled, with the title word spelled out, as well as a digital image of the piece meant for sharing. The project captures contradictions in the NFT world between its claims for a transcendent new immateriality and the very earthbound bling involved in almost all its transactions.

Kim Laughton's "Ascetic" (2021), digital image and chain edition, from the online exhibition "Pieces of Me." Kim Laughton

As art objects, not all the pieces in "Pieces" have much new to say to a critic, and they certainly didn't need NFTs to not say it. Taken together, however, they turn the show into a work of "meta-art" — of *meta-relational-art* — that reflects on what it means to be an artist, a curator, or a collector in our post-Beeple world.